

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: HALCYON CABOT PARTNERS, LTD.  
(CRD No. 32664)

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) FILE NO. 1500417  
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**ORDER OF CANCELLATION**

TO THE RESPONDENT: Halcyon Cabot Partners, Ltd.  
c/o Ronald Heineman, CCO  
767 Third Ave., 17<sup>th</sup> Fl.  
New York, NY 10017

This matter having come on for consideration before Jesse White, Secretary of State for the State of Illinois, through his designated representative, and having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, (the "Department"), the Secretary of State herein finds:

1. Halcyon Cabot Partners, Ltd. (the "Respondent" or "Halcyon") is currently registered as a dealer in the State of Illinois pursuant to Section 8 of the Illinois Securities Law of 1953, [815 ILCS 5/1 *et seq.*] (the "Act").
2. The Financial Industry Regulatory Authority (FINRA) is a private, non-governmental organization that is registered with the United States Securities and Exchange Commission as a self-regulatory organization pursuant to the Securities Exchange Act of 1934.
3. At all times relevant hereto, the Respondent was registered with FINRA as a broker-dealer.
4. On or about October 6, 2015, FINRA entered an Order Accepting Offer of Settlement submitted by Respondent and others regarding Disciplinary Proceeding No. 2012033877802, which immediately expelled Respondent from FINRA membership.

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5. Under the terms of the Offer, Respondent consented to the entry of FINRA's findings and violations consistent with the allegations of the Complaint and to the imposition of sanctions.
6. FINRA's findings included the following, *inter alia*:

Between December 2010 and May 2013, Halcyon Cabot Partners, Ltd. ("Halcyon" or the "Firm") and its principals engaged in serious and widespread violations of FINRA rules and federal securities laws. One or more of the principals engaged in a scheme to defraud investors by causing the Firm to serve as a bogus placement agent to conceal a kickback of a private placement fee; caused the Firm to serve as a false sales agent so a now-expelled broker-dealer could charge commissions to both buyers and sellers in certain private sales of securities; falsified the Firm's books and records to conceal a now-barred registered representative's sales of securities in states where he was not registered; and engaged in unauthorized and excessive trading (churning) in customer accounts. All of these violations were enabled by the Firm's culture of non-compliance, which manifested itself in numerous supervisory violations and an inoperable anti-money laundering ("AML") program.

7. The violations cited by FINRA included the following, *inter alia*:
  - a. Halcyon engaged in a fraudulent scheme to defraud certain shareholders and the investing public, and the Respondents engaged in deceptive practices which operated as a fraud on certain shareholders and the investing public, which violated Section 10b-5 of the Exchange Act, Rule 10b-5(a) and (c) thereunder, and FINRA Rule 2010.
  - b. Halcyon violated FINRA Rule 2010 when it failed to observe high standards of commercial honor and just and equitable principles of trade by facilitating concealment of a now-expelled broker-dealer's receipt of additional transaction fees from lateral transfer sellers, and by not disclosing its commission sharing agreement with the now-expelled broker-dealer to the lateral transfer sellers.
  - c. Halcyon caused the creation and maintenance of false books and records, when a principal caused the falsification of new account documents, trade confirmations and account statements, which violated NASD Rule 3110(a) and FINRA Rules 4511 and 2010.
  - d. Halcyon, directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or of a facility of a national securities exchange: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not

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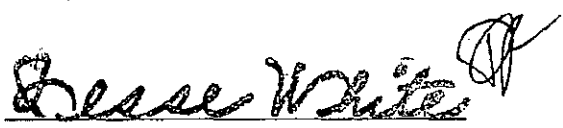
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misleading; or (c) engaged in acts, transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of securities. By virtue of the foregoing, Halcyon violated Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, NASD Rule 2310, and FINRA Rules 2020, 2111 and 2010.

- e. Halcyon failed to establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under the Bank Secrecy Act, 31 U.S.C. Section 5318(g), and its implementing regulations thereunder in contravention of FINRA Rule 3310(a). By reason of the foregoing conduct, Halcyon violated FINRA Rules 3310(a) and 2010.
  - f. Halcyon failed to designate a qualified Anti-Money Laundering Compliance Officer (AMLCO) in violation of FINRA Rules 3310(d) and 2010.
  - g. Halcyon failed to establish an adequate supervisory system tailored to its business and failed to establish and implement reasonable supervisory procedures to supervise its business in violation of NASD Rule 3010(a) and (b) and FINRA Rule 2010.
8. Section 8.E(2) of the Act provides, *inter alia*, that if the Secretary of State finds that any registrant or applicant for registration is no longer in existence or has ceased to do business as a dealer, the Secretary of State may by order cancel the registration or application.
9. The Department has determined that Respondent has ceased to do business as a dealer in the State of Illinois.
10. It is in the public interest to enter an Order which cancels the dealer registration of the Respondent in the State of Illinois.

NOW, THEREFORE IT IS HEREBY ORDERED: The dealer registration of the Respondent, Halcyon Cabot Partners, Ltd., in the State of Illinois is hereby cancelled.

ENTERED: This 9 day of January 2016

  
JESSE WHITE  
Secretary of State  
State of Illinois

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Attorney for the Secretary of State:

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